



PRESS RELEASE

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Alabama Two Florida Men Sentenced to Over Ten Years in Prison for Multi-State for Biofuel Fraud Scheme

Yesterday, Thomas Davanzo, of Estero, Florida, and Robert Fedyna, of Naples, Florida, were sentenced to 121 months and 135 months in prison, respectively, for their participation in a multi-state scheme to defraud biofuel buyers and U.S. taxpayers by fraudulently selling biofuelcredits and fraudulently claiming tax credits, announced Assistant Attorney General John C. Cruden of the Justice Department's Environment and Natural Resources Division and U.S. Attorney A. Lee Bentley III of the Middle District of Florida. Both defendants were also ordered to forfeit ill-gotten gains from the conspiracy of over \$46 million and other items to the government, including gold coins, jewelry and Rolex watches, thoroughbred horses, vehicles and properties.

Davanzo and Fedyna operated several shell companies that were used to facilitate the scheme. As part of the scheme, Davanzo and Fedyna operated entities that purported to purchase renewable fuel, on which credits had been claimed and which was ineligible for additional credits, produced by their co-conspirators at Gen-X Energy Group (Gen-X), headquartered in Pasco, Washington, and its subsidiary, Southern Resources and Commodities (SRC), located in Dublin, Georgia. They then used a series of false transactions to transform the fuel back into feedstock needed for the production of renewable fuel, and sold it back to Gen-X or SRC, allowing credits to be claimed again. This cycle was repeated multiple times.

"In their pursuit of personal gain, the defendants perpetrated a multi-state conspiracy that defrauded and undermined a federal program intended to further the energy independence of our nation," said Assistant Attorney General Cruden. "Today's sentence is a just punishment for these serious crimes against the American people."

"This case shows that EPA is committed to eliminating fraud in the renewable fuels market and ensuring a level playing field for businesses that play by the rules," said Assistant Administrator Cynthia Giles for EPA's Office of Enforcement and Compliance Assurance. "The sentences handed down show the serious nature of these crimes and that EPA will continue to hold criminals accountable."

In addition, both Davanzo and Fedyna laundered the proceeds of the scheme through various shell entities. Davanzo and Fedyna established bank accounts in the names of shell

entities. Funds were cycled through these shell companies' bank accounts to perpetuate the fraud scheme and conceal its proceeds.

Davanzo and Fedyna also directed and participated in the generation of false paperwork designed to create the façade that the renewable identification number (or RIN, a serial number used to track renewable fuel credits) created and claimed by co-conspirators were legitimate. The paperwork included false invoices from Gen-X or SRC to shell entities, which purported to show sales of renewable fuel, false invoices from shell entities to Gen-X and SRC, which purported to show the purchase of feedstock and false bills of lading, which purported to show the transportation of fuel and feedstock by tanker truck.

From March 2013 to March 2014, the co-conspirators generated at least 60 million RINs that were based on fuel that was either never produced or was merely re-processed at the Gen-X or SRC facilities. The co-conspirators received at least \$42 million from the sale of these fraudulent RINs to third parties. In addition, Gen-X received approximately \$4,360,724.50 in false tax credits for this fuel.

This case was investigated by the U.S. Secret Service, the Environmental Protection Agency - Criminal Investigation Division, and the Internal Revenue Service-Criminal Investigation. It was prosecuted by Assistant United States Attorneys Sara C. Sweeney and Megan Kistler and Trial Attorney Adam Cullman of the Environment and Natural Resources Division of the Department of Justice.

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